

Message Text

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PAGE 01 LIMA 06957 211749Z

43 L

ACTION ARA-20

INFO OCT-01 ISO-00 SS-20 NSC-07 CIAE-00 INR-11 NSAE-00

RSC-01 EB-11 L-03 SP-03 CEA-02 FEAE-00 STR-08 COME-00

TRSE-00 OMB-01 SSO-00 NSCE-00 INRE-00 EA-11 DRC-01

ARAE-00 /100 W

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O 211619Z AUG 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 1551

UNCLAS LIMA 6957

E.O. 11652: N/A

TAGS: EIND, EMIN, PE

SUBJ: CUAJONE NEGOTIATIONS ARE FINALLY COMPLETED

REF: LIMA 6583

1. SPCC PRESIDENT FRANK ARCHIBALD INFORMED DCM THAT LONG-
SOUGHT AGREEMENT BETWEEN MINERO-PERU AND JAPANESE ON COPPER
SALES CONTRACTS WAS REACHED LAST NIGHT (AUGUST 20). THUS THE
FINAL SUBSTANTIAL DIFFERENCES BETWEEN MINERO-PERU AND FOREIGN
LENDERS/COPPER BUYERS HAVE BEEN RESOLVED.

2. ARRANGEMENTS ARE NOW BEING MADE FOR A SIGNING CONFERENCE,
EXPECTED TO TAKE PLACE IN ABOUT TWO WEEKS EITHER IN LUCERNE
OR GENEVA. WHILE ACCORDING TO ARCHIBALD IT IS NOT YET
DETERMINED WHO WILL SIGN FOR GOP, IT APPEARS THAT THIRD-
RANKING OFFICIAL RUBINA WILL BE SENIOR MINERO-PERU OFFICIAL
PRESENT. REPRESENTATIVES OF ALL EUROPEAN, JAPANESE AND U.S.
PARTNERS INVOLVED IN CUAJONE PROJECT WILL SIGN FOR THEIR
RESPECTIVE COMPANIES.

3. ARCHIBALD ALSO SAID ABOUT TWO WEEKS WILL BE REQUIRED TO
GET DRAWDOWN CONDITIONS MET FOR LOANS FROM U.S. SOURCES. DRAWDOWN DE-
TAILS FOR WAIVERS, ASSIGNMENTS OF PROCEEDS, ETC.

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ARE BEING WORKED OUT BY CHASE BANK OFFICIALS.

4. COMMENT: ARCHIBALD IS UNDERSTANDABLY ELATED THAT FINAL ARRANGEMENTS HAVE BEEN CONCLUDED WITH JAPANESE, ALLOWING LONG-PLANNED CUAJONE PROJECT TO BE FINANCED AND TO GO INTO EXECUTION. NEGOTIATIONS HAVE DRAGGED OUT FOR OVER FOUR YEARS, AND AS DEPARTMENT KNOWS THERE HAVE BEEN MANY DISAPPOINTMENTS AND FRUSTRATIONS FOR U.S. AND OTHER PARTNERS IN ARRIVING AT THIS SETTLEMENT. NOW, HOWEVER, ONE OF THE WORLD'S LARGEST COPPER DEPOSITS CAN BE DEVELOPED WITH THE PACIICIPATION OF MANY FOREIGN COMPANIES, GIVING PROTECTIVE COLORATION TO THE PREDOMINANT U.S. PARTNERS' ROLE IN NEGOTIATION AND HENCE-FORTH IN DEVELOPMENT OF THE MINE. GOP WILL NO DOUBT DESCRIBE SETTLEMENT AS MAJOR ACCOMPLISHMENT FOR ITS "REVOLUTION", AND INDEED PERU STANDS TO GAIN MUCH IN COPPER REVENUES, EMPLOYMENT AND OTHER BENEFITS OVER THE YEARS. CUAJONE CONTRACT WILL ALSO MAKE POSSIBLE FURTHER CONSIDERATION OF JOINT VENTURE PROPOSAL INVOLVING MINERO-PERU AND ASARCO AND OTHER U.S. COMPANIES FOR DEVELOPMENT OF QUELLAVECO COPPER DEPOSIT WHICH IS LOCATED BETWEEN CUAJONE AND TOQUEPALA (AND WOULD DRAW ON SAME INFRASTRUCTURE DEVELOPMENT AS IS USED FOR LATTER TWO MINES).
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Message Attributes

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